

Q.1.A. Multiple Choice Questions: (Any 8)

(8)

1. \_\_\_\_\_ is a process of accounting for costs.  
(a) Cost Accounting (b) Auditing (c) Management Accounting (d) Financial Accounting
2. Which of the following person is associated with Cost Accounting?  
(a) Finance Manager (b) Financial Accountant (c) Auditor (d) Cost Accountant
3. Depreciation on factory assets is a \_\_\_\_\_ cost.  
(a) cash (b) non-cash (c) partly cash (d) temporary
4. Bad debt is an example of \_\_\_\_\_ overhead.  
(a) production (b) administration (c) selling (d) distribution
5. Which of the following items is not included in preparation of cost sheet?  
(a) Carriage Inward (b) Purchase returns (c) Sales commission (d) Interest paid
6. \_\_\_\_\_ is included in financial books.  
(a) Interest on capital (b) Notional rent (c) Interest (d) Profit
7. In process type of production, the output of the earlier process becomes the \_\_\_\_\_ of the following.  
(a) output (b) input (c) scrap (d) purchases
8. Crushing, Refining, Finishing and Packaging are stages of production in \_\_\_\_\_ production.  
(a) paper (b) oil (c) paint (d) cardboard
9. The only relevant cost in marginal costing is \_\_\_\_\_ cost.  
(a) variable (b) fixed (c) semi-variable (d) semi-fixed
10. A \_\_\_\_\_ cost is a pre-determined cost.  
(a) standard (b) fixed (c) marginal (d) variable

Q.1.B. State whether the following statements are True or False: (Any 7)

(7)

1. All costs are controllable.
2. Overheads include only fixed cost.
3. Variable cost varies with time.
4. Factory cost = Prime Cost + Office overheads.
5. Cost sheet and Income statement is one and the same.
6. Transfer to general reserve is credited to financial profit and loss account.



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7. Abnormal loss is charged to costing profit and loss account.
8. Invisible waste has no sale value.
9. Marginal costing is a method of costing.
10. Standard hour is not used while computing labour rate variance.

Q.2 The following information is available from a manufacturing industry during the four months ended 31<sup>st</sup> March, 2023. (15)

| Particular            |                  |
|-----------------------|------------------|
| Raw material consumed | Rs. 25,000       |
| Direct Labour         | Rs. 20,000       |
| Direct Expenses       | Rs. 15,000       |
| Machine hours worked  | 800 Hours        |
| Machine hours rate    | Rs. 25           |
| Office on cost        | 30% Work cost    |
| Selling on cost       | Rs. 5/- Per unit |
| Unit produced         | 1,000            |
| Unit sold             | 800              |

Profit is 20% on Sales. You are required to prepare a cost sheet in respect of the above showing: (i) The cost per unit. (ii) The profit for the period

OR

Q.2.(a) Sales are Rs. 3,20,000, fixed costs are Rs. 80,000 and variable costs are Rs. 1,20,000. What is the safety margin? (8)

Q.2.(b) Classify on the basis of Factory or Office and Administration or Selling and Distribution Cost: (7)

- |                          |                    |
|--------------------------|--------------------|
| 1. Machine Depreciation  | 2. Advertising     |
| 3. Foreman's Wages       | 4. Office Salaries |
| 5. Audit Fees            | 6. Show room rent  |
| 7. Printing & Stationery |                    |

Q.3. Prepare process Accounts from the following information: (15)

|                      | Total  | Process I | Process II | Process III |
|----------------------|--------|-----------|------------|-------------|
| Material             | 15,084 | 8,200     | 3,960      | 5,924       |
| Direct Wages         | 18,000 | 4,000     | 6,000      | 8,000       |
| Production Overheads | 18,000 |           |            |             |

1,000 units at 6 per unit were introduced in Process I.

Product overhead to be distributed as 100% on direct wages.

| Actual Output | Unit | Normal Loss | Value of Scrap per unit |
|---------------|------|-------------|-------------------------|
| Process I     | 950  | 5%          | 4                       |
| Process II    | 840  | 10%         | 8                       |
| Process III   | 750  | 15%         | 10                      |

Prepare process account.

OR

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Q.3. From the following particulars, prepare the Cost sheet for Job No. 75 and find out the value of the job.

|  |           |
|--|-----------|
| Materials issued for the Job   | Rs. 6,000 |
| Direct expenses  | Rs. 500   |
| Production Wages   | Rs. 4,600 |
| Provide 60% on productive wages for works oncost and 12 ½ % on works cost for office oncost. Profit to be realised on the selling price 15%. |           |
|  | (15)      |

Q.4. From the following information calculate: (15)

a) P/V ratio. b) Break even point (units) c) Margin of Safety d) Profit e) Sales to earn a profit of Rs. 6,000.

|               |            |
|---------------|------------|
| Fixed Cost    | Rs. 4,500  |
| Variable Cost | Rs. 7,500  |
| Sales         | Rs. 15,000 |
| Units sold    | 5000 Units |

OR

Q.4. Following data pertains to Warwick Ltd.

| Materials | Standard Quantity | Standard Rate (Rs.) | Actual Quantity | Actual Rate (Rs.) |
|-----------|-------------------|---------------------|-----------------|-------------------|
| P         | 40                | 50                  | 50              | 45                |
| Q         | 60                | 40                  | 60              | 55                |

Calculate Material Variances. (15)

Q.5.(a) Define Cost Sheet. Explain the advantages of Cost Sheet. (8)

(b) What are the features of Job costing. (7)

OR

Q.5. Short notes: (Any 3) (15)

1. P/V ratio
2. Margin of safety
3. Advantages of standard costing
4. Features of Process costing
5. Classification of cost.